

**WILLIAM DARLING & CO.,**

IMPORTERS OF

*Metals, Hardware, Glass, Mirror Plates,**Hair Seating, Carriage  
Makers' Trimmings and Curled Hair.*Agents for Messrs. Chas. Ebbelhaus & Sons, Manu-  
facturers of Window Cornices.

No. 30 St. Sulpice, &amp; No. 379 St. Paul Streets

**MONTREAL.****A. & T. J. DARLING & CO.  
BAR IRON, TIN, &c.,  
AND SHELF HARDWARE.**

CUTLERY A SPECIALTY.

**TORONTO.**

FRONT ST., East.]

**The Journal of Commerce**

FINANCE AND INSURANCE REVIEW.

MONTREAL, NOVEMBER 12, 1880.

**SPECULATIVE INVESTMENTS.**

If we may judge by the tone of the English journals, there is an apprehension that what are generally known as bubble schemes are likely to be brought freely before British Investors. Our own opinion is that there is no adequate ground for the apprehensions which are entertained by the timid, although we are far indeed from objecting to the warnings of those who have sounded the alarm. It cannot be denied that loans of a most speculative character have been successfully placed on the London money market, and that Englishmen "have lost" scores of millions on foreign loans, "American railways, mines of all sorts," schemes of all complexions and shades of "folly." The question is, can loans of a similar character be again floated in London? The chief losses in modern times have been from loans to South American Republics, to Turkey, Egypt, and other Governments which have failed to meet their engagements. There is a wide difference between investments in speculative enterprises, and loans to established Governments. People who choose to make investments in the stocks of railroads, banks, insurance or loan companies, are, or ought to be, well aware that they are engaging in speculative enterprises in the hope of receiving dividends in excess of what they could obtain on securities of a more reliable character. Canada as compared with other borrowing States, occupies a proud position. She has been for about a half century an applicant for loans from English capitalists, and during

the whole period has never been in default. She has obtained the guarantee of the Imperial Government for some of her loans, and has been reproached, as if England had advanced money, or had suffered inconvenience of some kind, in consequence of her guarantee; and yet those guarantees have never cost a dollar to the Imperial Treasury, and the credit of Canada stands higher to-day than it has done at any period of the half century during which she has been a borrower.

A wide distinction must be made between loans on the security of Governments, whether Dominion or Provincial, and speculative enterprises in which people must embark on their own judgment. Such enterprises have been encouraged by the Limited Liability Acts, which have been very generally adopted in Great Britain and her colonies, and in the United States. We should imagine that there are few who subscribe for stock in new enterprises without a careful consideration of the prospectus, and yet we know as a fact that men of the highest standing in London not only subscribed themselves to the stock of the Grand Trunk Railway Company, but induced others to do so by promising them large dividends, based on the working expenses of the Railway, being 40 per cent. of the earnings, while experience has proved that 75 per cent. would have been the more correct estimate. In that case there was no concealment. The estimate was placed fairly before the public, but the profit of 11½ per cent. would have fallen to less than 1 per cent. if an adequate allowance had been made for working expenses. It is to be borne in mind that those who issued this prospectus were gentlemen with great railway experience, and of such standing that no one can imagine for a moment that there was *intentional* deception. We refer to the subject merely by way of illustration. As regards Canada, and we include the Provincial with the Dominion Governments, we are justified in asserting that public securities of all kinds are of the highest standing. As to speculative securities they must stand or fall on their own merits. If such securities are offered for sale in England, and that parties invest in them, giving, as in the case of a Grand Trunk issue, £19 for a £100, and if losses are incurred it is the custom to charge the loss to Canada, precisely as losses by Turkish and Egyptian bonds are charged against those Governments.

We venture to assert that, as a rule, the principal sufferers by the failure of Canadian enterprises have been Canadians,

and many instances might be adduced in which English investors have got all that was to be got out of unproductive enterprises, while the chief sufferers have been Canadians. All that we desire to impress upon our readers is the necessity of great caution as to new enterprises, which will probably be introduced with prospectuses calculated to induce people to believe that if they subscribe they are sure to realize enormous profits. We are bound to state that we are not very apprehensive as to the success of speculative investments in Canada, and that our remarks have been caused by the apprehensions which seem to be entertained in some quarters in England.

**THE PACIFIC RAILWAY COMMISSION.**

We shall endeavour to state as briefly as in our power the result of the investigation into the circumstances which led to the payment of a considerable sum of money by Mr. Whitehead, one of the contractors on the Pacific Railway, to Mr. Mackintosh, the principal proprietor of the *Ottawa Citizen*. Mr. Mackintosh had an opportunity of giving his own version of his connection with Mr. Whitehead, and is evidently of the opinion that it was not at all discreditable. It appears from his evidence, that Mr. Whitehead himself voluntarily offered to Mr. Mackintosh, after he had secured his contract, to be of service to him financially, conditionally on Mr. Mackintosh acting in his behalf at Ottawa in all matters relating to his business. That Mr. Whitehead was not in a position to help others, is evident from the fact that Mr. Mackintosh "advised him to do all in his power to get rid of the burden of interest crushing every element of business freedom out of him." He nevertheless did undertake to assist Mr. Mackintosh, and voluntarily offered to give him a share in the profits of what he stated to be a lucrative contract. It is unnecessary to go into particulars regarding the notes which were kept afloat for a considerable time by renewals, but it is admitted that Mr. Mackintosh received altogether some \$7,000 in cash and \$25,000 in notes, of which \$11,000 were returned, while about \$13,000 are still current or have been paid by Mr. Mackintosh, who holds them as liabilities against Mr. Whitehead.

We must now consider what was the nature of the services to be rendered by Mr. Mackintosh, as understood by both parties. Mr. Mackintosh himself stated with reference to the first payment: "I considered it an advance for what I was to do for him, in giving information